

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

In the Matter of:
Velpen Post Office
Velpen, Indiana

Docket No. A2011-59

UNITED STATES POSTAL SERVICE
COMMENTS REGARDING APPEAL
(October 24, 2011)

On August 25, 2011, the Postal Regulatory Commission (Commission) received correspondence from postal customer Karen Brown objecting to the discontinuance of the Post Office at Velpen, Indiana. Following her petition, two additional appeals were received by the Commission on August 31, 2011 from Mary Ann Winehell and Lana Fieth. On September 1, 2011, the Commission issued Order No. 839, its Notice and Order Accepting Appeal and Establishing Procedural Schedule under 39 U.S.C. § 404(d). The Commission received additional written communication from customers of the Velpen Post Office: a letter received from Sammy Beadles on September 19, 2011; a letter received from Marilyn Beadles on September 19, 2011; a letter received from Scott Satterfield on September 19, 2011; and a letter received from Shanique Satterfield on September 19, 2011. In accordance with Order No. 839, the administrative record was filed with the Commission on September 8, 2011; a subsequent Notice of Filing to clarify the administrative record was later filed on October 24, 2011. On October 5, 2011, Petitioners Karen Brown, Scott and Shanique Satterfield, and Sammy and Marilyn Beadles filed Participant Statements, Form 61, in support of the petition.

The appeals and the Participant Statements received by the Commission raise three issues: (1) the impact upon the provision of postal services, (2) the impact on the Velpen community expected to result from discontinuing the Velpen Post Office, and (3) economic savings. As reflected in the administrative record of this proceeding, the Postal Service gave these issues serious consideration. In addition, consistent with the Postal Service's statutory obligations and Commission precedent,¹ the Postal Service gave consideration to a number of other issues, including the impact upon postal employees. Accordingly, the determination to discontinue the Velpen Post Office should be affirmed.

Background

The Final Determination To Close the Velpen, IN Post Office and Establish Service by Rural Route Service (FD), as well as the administrative record, indicate that the Velpen Post Office provides EAS-11 level service to 29 Post Office Box customers, 278 delivery customers, and retail customers 33.25 hours per week. FD at 2; Item No. 18, (Form 4920) Post Office Closing or Consolidation Proposal Fact Sheet ("Fact Sheet"), at 1; Item No. 33, Proposal Exhibit, at 2.² The Postmaster of the Velpen Post Office was promoted on January 3, 2009. Since the postmaster vacancy arose, an officer-in-charge (OIC) has been installed to operate the office. The noncareer postmaster relief may be separated from the Postal Service; however, no other employee will be adversely affected.³ The average number of daily retail window

¹ See 39 U.S.C. 404(d)(2)(A).

² In these comments, specific items in the administrative record are referred to as "Item ____."

³ FD, at 2, 12; Item No. 33, Proposal to Close the Velpen, IN Post Office and Establish Service by Rural Route Service ("Proposal"), at 2, 10.

transactions at the Velpen Post Office is 32. Revenue has generally been low: \$19,373.00 in FY 2008 (51 revenue units); \$26,397.00 in FY 2009 (69 revenue units); and \$13,487.00 (35 revenue units) in FY 2010.⁴ The Velpen Post Office has one permit customer. FD at 2; Item No. 15, Post Office Survey Sheet, at 1; Item No. 33, Proposal, at 2.

Upon implementation of the final determination, delivery and retail services will be provided by rural route delivery administered by the Otwell Post Office, an EAS-13 level office located six miles away, which has 69 available Post Office Boxes. FD at 2, 14; Item No. 18, Post Office Closing or Consolidation Proposal, at 1; Item No. 21, Letter to Postal Customer from Manager, Post Office Operations ("Letter to Customer"), at 1; Item No. 33, Proposal, at 2, 10. This service will continue upon implementation of the FD. FD at 2.

The Postal Service followed the proper procedures which led to the posting of the FD. All issues raised by the customers of the Velpen Post Office were considered and properly addressed by the Postal Service. The Postal Service complied with all notice requirements. In addition to the posting of the Proposal and FD, customers received notice through other means. Questionnaires were distributed to delivery customers of the Velpen Post Office. Questionnaires were also available over the counter for retail customers at Velpen. FD at 2; Item No. 23, Postal Service Customer Questionnaire Analysis at 1. A letter from the Manager of Post Office Operations, Indianapolis, Indiana was also made available to postal customers, which advised customers that the

⁴ FD, at 2; Item No. 18, Post Office Closing or Consolidation Proposal, at 1; Item No. 33, Proposal, at 1.

Postal Service was evaluating whether the continued operation of the Velpen Post Office was warranted, and that effective and regular service could be provided through rural route delivery and retail services available at the Otwell Post Office. Item No. 21, Letter to Customer, at 1. The letter then invited customers to complete and return a customer questionnaire and to express their opinions about the service they were receiving and the effects of a possible change involving rural route delivery. Id. The returned customer questionnaires and Postal Service response letters appear in the administrative record in Item No. 22. 77 Questionnaires were returned among the 320 that were distributed; of those, 14 questionnaires were in favor of the closure of the Velpen Post Office, 54 expressed no opinion, and 9 were unfavorable. FD at 2. In addition, representatives from the Postal Service were available at Velpen General Baptist Church located at 4522 S. State Rd. 257, Velpen, IN 47590 for a community meeting on March 17, 2011 to answer questions and provide information to customers. FD at 2; Item No. 21a, Letter to Customer, at 1; Item No. 24, Community Meeting Roster; Item No. 33, Proposal, at 2.⁵ Customers received formal notice of the Proposal and FD through postings at nearby facilities. The Proposal was posted with an invitation for public comment at the Velpen Post Office and the Otwell Post Office from May 4, 2011 to July 5, 2011. FD, at 2; Item No. 32, Invitation for Comments on the Proposal to Close the Velpen, IN Post Office and Establish Service by Rural Route, at

⁵ Although Petitioners stated that many questions went unanswered at the community meeting, the undersigned counsel has contacted the discontinuance coordinator and confirmed that, at minimum, 40 questions from the meeting were dutifully answered. Furthermore, 36 additional comments were submitted during the 60 day proposal posting period, and each of the queries posed was answered in writing by the Manager of Post Office Operations, Indianapolis, Indiana.

1; Item No. 33, Proposal, at 2. The FD was posted at the same two Post Offices starting on August 19, 2011, as confirmed by the round-dated FD cover sheets that appear in the administrative record.

In light of the postmaster vacancy; a minimal workload; low office revenue;⁶ the variety of delivery and retail options (including the convenience of rural delivery and retail service);⁷ limited expected population, residential, commercial or business growth in the area;⁸ minimal impact upon the community; and the expected financial savings,⁹ the Postal Service issued the FD.¹⁰ Regular and effective postal services will continue to be provided to the Velpen community in an effective manner upon implementation of the final determination. FD at 2, 14.

Each of the issues raised by the Petitioners is addressed in the paragraphs which follow.

Effect on Postal Services

Consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iii) and as addressed throughout the administrative record, the Postal Service considered the effect of closing the Velpen Post Office on postal services provided to Velpen customers. The closing is premised upon providing regular and effective postal services to Velpen customers.

In their correspondence, the Petitioners raise the issue of the effect on postal services of the Velpen Post Office's closing, noting the convenience of the Velpen Post Office and requesting its retention. The Petitioners express particular concern about

⁵ See note 4 and accompanying text,

⁶ FD, at 2-11, 14; Item No. 33, Proposal, at 2-10.

⁷ FD, at 2; Item No. 16, Community Survey Sheet; Item No. 33, Proposal, at 2.

⁸ FD, at 12-13; Item No. 17, Highway Contract Route Cost Analysis Form; Item No. 33, Proposal, at 10.

⁹ FD, at 2-14.

potential hardship on the elderly and disabled citizens of the community as well as the safety of collecting checks and medications by way of rural lock boxes. Furthermore, the Petitioners fear that their access to postal products and services will be limited due to lack of internet service. Each of these concerns was considered by the Postal Service.

The Postal Service has considered the impact of closing the Velpen Post Office upon the provision of postal services to Velpen customers. FD at 2-14; Item No. 33, Proposal, at 2-10. As explained throughout the administrative record, carriers can perform many functions that will alleviate the need to travel to the Post Office. Rural route delivery to customers provides similar access to retail service, thereby stemming the need to travel to the Post Office. FD at 2-3, 4-5, 6, 7, 10, 11; Item No. 33, Proposal, at 3, 4, 7, 9. In fact, most transactions do not require meeting the carrier at the mailbox. Some of the services available from the carrier include mailing certain packages, purchasing postal money orders, and obtaining a variety of special services. FD at 2-3, 4-5, 6-7, 11. Also, carrier pickup is available which allows for scheduling the pickup of packages at the same time as the carrier delivers the mail. Id. Carrier service is especially beneficial to many senior citizens and those who face special challenges because the carrier can provide delivery and retail services to roadside mailboxes or, when offered, cluster box units. FD at 3, 4, 5, 7.

Additionally, the Postal Service explained that it offers several convenient options which can save customers a trip to the Post Office and having to coordinate with a carrier. FD at 2-3, 4-5, 6, 7, 10, 11; Item No. 33, Proposal, at 3, 4, 7, 9. If internet

access is unavailable, stamps can be purchased by phone via a toll-free number, or by mail. FD at 4, 11; Item No. 33, Proposal, at 9. Additionally, customers can place their mail on hold or file a change of address order by calling a toll free number or visiting the Postal Service's website. Furthermore, if internet access is available, customers can purchase stamps online through the Postal Service's website at www.USPS.com and print shipping labels with postage for Express Mail and Priority Mail using the Postal Service's Click-N-Ship service available at www.USPS.com. FD at 10.

The Petitioners expressed a concern about the security of mail, particularly regarding receiving medication and checks in their rural lock boxes. Local officials solicited information regarding this matter, and the agency found only one report of mail theft or vandalism in the area. Item No. 14, Inspection Service/local law enforcement vandalism reports, at 1. Additionally, customers may place a lock on their mailboxes as long as the mailbox has a slot large enough to accommodate the customer's normal daily mail volume. FD at 4. Furthermore, customers opting for carrier service will have 24-hour access to their mail and will not have to pay post office box fees. FD at 11. Customers are also welcome to conduct postal business at the Otwell Post Office, should they decide this option better suit their needs.

Upon the implementation of the final determination, delivery and retail services will be provided by rural route delivery emanating from the Otwell Post Office, which is located 6 miles away. FD at 14. In addition to rural delivery, which is the recommended alternate service, customers may also receive postal services at the Otwell Post Office. The window service hours of the Otwell Post Office are from 8:00 a.m. to 11:30 a.m.

and 1:00 pm to 3:45 p.m. Monday through Friday, and 8:45 a.m. to 10:45 a.m. on Saturday. FD, at 2. Furthermore, special attention and assistance provided by the personnel at the Velpen Post Office will be provided by personnel at the Otwell Post Office and the carrier. FD at 3. Thus, the Postal Service has properly concluded that all Velpen customers will continue to receive regular and effective service via rural route delivery.

Effect Upon the Velpen Community

The Postal Service is obligated to consider the effect of its decision to close the Velpen Post Office upon the Velpen community. 39 U.S.C. § 404(d)(2)(A)(i). While the primary purpose of the Postal Service is to provide postal services, the statute recognizes the substantial role in community affairs often played by local Post Offices, and requires consideration of that role whenever the Postal Service proposes to close or consolidate a Post Office.

Velpen is an incorporated rural community located in Pike County. The Pike County Sheriff Department provides police protection. The community is administered politically by Township Board, with fire protection provided by the Jefferson Township Fire Department. FD, at 12; Item No. 33, Proposal at 9. The questionnaires completed by Velpen customers indicate that, in general, the retirees, farmers, commuters, and others who reside in Velpen must travel elsewhere for other supplies and services. See generally FD at 12; Item No. 22, Returned Customer Questionnaires and Postal Service Response Letters.

The Petitioners raise the issue of the effect of the closing of the Velpen Post Office upon the Velpen community. In addition, multiple letters express concern that closing the Velpen Post Office would be a hardship for the community. This issue was extensively considered by the Postal Service, as reflected in the administrative record. FD, at 2-3, 4-5, 6, 7, 8-9, 10,12; Item No. 33, Proposal, at 2-4, 5, 6, 7, 9. The Postal Service believes a community's identity derives from the interest and vitality of its residents and their use of its name. Although customers will be assigned a mailing address compatible with emergency phone call access, the Postal Service is helping to preserve community identity by continuing the use of the community name and ZIP Code in addresses and in the National Five-Digit ZIP Code and Post Office Directory. FD at 3, 5, 6, 7, 12; Item No. 33, Proposal, at 2, 3, 4. Communities generally require regular and effective postal services and these will continue to be provided to the Velpen community. Carrier service is expected to be able to handle any future growth in the community. FD, at 2, 14; Item No. 33, Proposal, at 2, 10. Residents may continue to meet informally, socialize, and share information at the other establishments in town.

In addition, the Postal Service has concluded that nonpostal services provided by the Velpen Post Office can be provided by the Otwell Post Office. Government forms usually provided by the Post Office are also available by contacting local government agencies. FD at 12; Item No. 33, Proposal, at 9. Thus, the Postal Service has met its burden, as set forth in 39 U.S.C. § 404(d)(2)(A)(i), by considering the effect of closing the Velpen Post Office on the community served by the Velpen Post Office.

Economic Savings

Postal officials also properly considered the economic savings that would result from the proposed closing, as provided under 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service estimates that rural route carrier service would cost the Postal Service substantially less than maintaining the Velpen Post Office and would still provide regular and effective service. Item No. 21a, Letter to Customer, at 1. The estimated annual savings associated with discontinuing the Velpen Post Office are \$46,890.00. FD at 13; Item No. 33, Proposal, at 10.

The Participant Statement asserts that the figures for salary and benefits used by the Postal Service are incorrect based on the fact that the OIC does not make the salary listed, nor receive benefits. After the postmaster position became vacant when the postmaster was promoted on January 3, 2009, all management positions were frozen in anticipation of the reorganization efforts. FD at 4, 12. A career Postmaster's salary was appropriate to use in the savings calculation, however, because the position would eventually have been filled with a career employee if the Velpen Post Office had not been subject to a discontinuance action.

Petitioners state that the Postal Service did not factor in the amount that the Postal Service will have to pay in rent on the property that it continues to lease in Velpen (\$6000.00 a year). As Petitioners point out, the lease expires on November 30, 2015. Item No. 15, Post Office Survey Sheet. The lease cost savings will arise from that point forward, and perhaps earlier if the Postal Service is able to sublease the property. Therefore, it is not necessary to deduct \$6000 from the anticipated annual

savings on a long term basis. Moreover, even if the Postal Service did have to continue to pay rent through the end of the lease term, the amount in question is a small fraction of the overall estimate of economic savings.

Petitioners also question the consistency of this proposal with statutory authority in Title 39. Here, however, a variety of factors inform the decision to discontinue the Velpen Post Office, including a postmaster vacancy, minimal workload, declining office revenue,¹¹ the variety of delivery and retail options (including the convenience of rural delivery and retail service),¹² limited expected population, residential, commercial or business growth in the area,¹³ minimal impact upon the community, and the expected financial savings.¹⁴ Pursuant to 39 U.S.C. § 404(d)(2)(A)(iii), in determining whether to close a post office, the Postal Service must consider whether such closing is consistent with the policy that the Postal Service provide “a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining.” In this case, the Postal Service analyzed, among other factors, the Velpen Post Office’s workload and revenue. The consideration of an office’s workload and revenue is not inconsistent with the policies of Title 39, however, because analysis of workload and revenue does not imply that a small Post Office is operating at a deficit. The Postal Service then analyzed whether a maximum degree of effective and regular postal services to the area and community could be provided with rural delivery service in the absence of the Post Office, and the answer was affirmative.

⁵ See note 4 and accompanying text,

⁶ FD, at 2-11, 14; Item No. 33, Proposal, at 2-10.

⁷ FD, at 2; Item No. 16, Community Survey Sheet; Item No. 33, Proposal, at 2.

⁸ FD, at 12-13; Item No. 17, Highway Contract Route Cost Analysis Form; Item No. 33, Proposal, at 10.

Economic factors are one of several factors that the Postal Service considered, and economic savings have been calculated as required for discontinuance studies, which is noted throughout the administrative record, consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iv). FD, at 12-13; Item No. 33, Proposal, at 10. The Postal Service determined that carrier service is more effective than maintaining the Velpen postal facility and postmaster position. FD, at 14. The Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations. The Postal Service, therefore, has considered the economic savings to the Postal Service resulting from such a closing, consistent with its statutory obligations and Commission precedent. See 39 U.S.C. § 404(d)(2)(A)(iv).

Effect on Employees

As documented in the record, the impact on postal employees is minimal. The postmaster position became vacant when the postmaster was promoted on January 3, 2009. Upon implementation of the final determination, the noncareer postmaster relief (PMR) may be separated from the Postal Service; however the record shows that no other employee would be affected by this closing. FD, at 2, 14; Item No. 15, Post Office Survey Sheet, at 1; Item No. 33, Proposal, at 2, 10. Therefore, in making the determination, the Postal Service considered the effect of the closing on the employees at the Velpen Post Office, consistent with its statutory obligations. See 39 U.S.C. § 404(d)(2)(A)(ii).

Conclusion

As reflected throughout the administrative record, the Postal Service has followed the proper procedures and carefully considered the effect of closing the Velpen Post Office on the provision of postal services and on the Velpen community, as well as the economic savings that would result from the proposed closing, the effect on postal employees, and other factors, consistent with the mandate of 39 U.S.C. § 404(d)(2)(A).

After taking all factors into consideration, the Postal Service determined that the advantages of discontinuance outweigh the disadvantages. In addition, the Postal Service concluded that after the discontinuance, the Postal Service will continue to provide effective and regular service to Velpen customers. FD, at 9. The Postal Service respectfully submits that this conclusion is consistent with and supported by the administrative record and is in accord with the policies stated in 39 U.S.C. § 404(d)(2)(A). The Postal Service's decision to close the Velpen Post Office should, accordingly, be affirmed.

The Postal Service respectfully requests that the determination to close the Velpen Post Office be affirmed.

Respectfully submitted,

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